BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2017-370-E

IN RE: Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Incorporated for Review and Approval of a Proposed Business Combination between SCANA Corporation and Dominion Energy, Incorporated, as May Be Required, and for a Prudency Determination Regarding the Abandonment of the V.C. Summer Units 2 & 3 Project and Associated Customer Benefits and Cost Recovery Plans.	)	**TRANSCONTINENTAL GAS PIPE LINE COMPANY, LLC'S RESPONSE TO COMMISSION DIRECTIVE**

Are there Contracts that Transco identifies as establishing standing within the jurisdiction of the Commission?

The Contracts at issue are described in the table attached hereto as, Exhibit "A". While these Contracts are subject to the jurisdiction of the Federal Energy Regulatory Commission, the Public Service Commission of South Carolina ("Commission") also has jurisdiction over South Carolina Electric & Gas Company ("SCE&G"), the customer under the Contracts. Therefore, under R. 103-403 of this Commission's Regulations, this Commission has jurisdiction over SCE&G's pass-through to its ratepayers of the costs incurred by SCE&G under the Contracts.

As shown on the table attached hereto as Exhibit "A", 50% of the firm service Contracts between Transcontinental Gas Pipe Line Company, LLC ("Transco") and SCE&G are beyond the primary term set forth in the Contracts and may be terminated upon delivery of the required notice from SCE&G to Transco. Additionally, as shown in such table, another significant firm transportation Contract will expire on December 31, 2018. Transco's interest in the proposed merger relates to Transco's ability to continue to serve natural gas requirements of SCE&G upon the merger of its parent, SCANA Corporation, under which SCANA will become a wholly owned subsidiary of Dominion Energy. With Dominion as a competing interstate pipeline, Transco's Contracts will be subject to potential adverse effects from the merger which will create a market which does not allow SCE&G's gas customers' access to the lowest gas rates available in an open market.

How are those Contracts subject to adverse effects from this proceeding, or specifically, how is this nexus or connection between Transco's rights and obligations under its Contracts and the exercise of the Commission's authority on the merits of these issues too conjectural or hypothetical?

It is important to evaluate the proposed merger in the context of Dominion's overall business strategy. In acquiring SCANA, Dominion will have control over the distribution and transmission systems, and natural gas supply decisions, of SCE&G. Thus, Dominion's acquisition of SCANA would create a vertically integrated business structure that would have significant control over essential facilities in the sale, distribution and transmission of natural gas in South Carolina. In effect, Dominion will have substantial market power over including the purchase of natural gas at the wellhead, the transportation of gas to the local distribution system of SCE&G, and, where applicable, to electric power generation facilities, the siting and operating of new generation facilities, and the sale of electric power and natural gas to end users.

This vertically integrated business structure could lead to decisions on the part of the merged company, which lead to South Carolina consumers paying higher prices. Of particular concern should be SCE&G's ability to make appropriate decisions when selecting among affiliated and unaffiliated gas transmission service providers and whether the new structure will make it difficult for the combined entity to engage in "arms-length" negotiations with its affiliates. Unless adequate controls are imposed, the proposed merger will leave SCE&G in a position of being required to select from the lowest cost provider or the vertically integrated supplier with which it is affiliated or perhaps controlled. For these reasons, the proposed merger must be closely scrutinized by the Commission to ensure that the interests of the South Carolina ratepayers to receive service at the most competitive prices are protected. Transco believes that if the merger is approved, certain safeguards and conditions should be instituted to ensure that South Carolina consumers are able to obtain the most cost effective and reliable service.

The vertically integrated business structure which would result from the proposed merger creates the risk that the interests of South Carolina ratepayers in receiving the best service at the lowest cost will be in direct conflict with the interests of the merged company in supporting its affiliated businesses. The merged company, through its affiliates, would exert significant control over natural gas supplied to South Carolina, as well as the siting of power plans, distribution systems, and intrastate and interstate transmission facilities.

If the business structure of the merged company causes SCE&G to make a decision to purchase transportation or gas services from an affiliate notwithstanding the fact that there is a cheaper and better service alternative available from an unaffiliated supplier, the proposed merger will adversely impact Transco and the South Carolina ratepayers.

Can the Commission redress the adverse effects on these contracts alleged by Transco by a favorable decision?

The Commission has the ability to redress the potential adverse effects on Transco, and Transco urges the Commission to carefully consider the potential adverse impact that the proposed merger and Dominion's overall business plan may have not only on Transco's ability to continue to provide cost-effective, reliable natural gas transportation services to SCE&G, but also on SCE&G's South Carolina ratepayers. At a minimum, Transco believes that certain safeguards must be included to ensure that the ratepayers continue to receive the best services at the lowest rates. Transco requests that if the Commission approves the merger, any order of approval include the following conditions: (a) requiring SCE&G to engage in good faith negotiations with third party suppliers of gas and transportation capacity, and affirming the Commission's intention to carefully scrutinize any affiliated arrangements; and (b) requiring that SCE&G follow a "least cost" standard with regard to contracting for gas supplies and transportation and storage services to ensure there is fair pricing among service providers and that these business decisions are not biased in favor of affiliated transactions, or at a minimum to shift the burden of proof to SCE&G if they do not accept the "least cost" alternative and an affiliated pipeline/supplier is awarded the contract.

Respectfully Submitted,
/s/

Jefferson D. Griffith, III,
AUSTIN & ROGERS, P.A.
508 Hampton Street, Suite 300
Columbia South Carolina, 29201
803-251-7442
Counsel for Petitioner, Transcontinental Gas Pipe Line Company, LLC.

June 20, 2018
Columbia, South Carolina

EXHIBIT "A"

South Carolina Electric and Gas Company

Summary of Contracts

Contract No.	Rate Schedule	Commencement Date	Expiration Date	Contract Status	Notice Period (Days)	Volume (DT/D)
9046125	FT-SUNBELT	11/1/2006	10/31/2017	Active	730	45,776
9046126	FT	11/1/2006	12/30/2008	Active	1095	18,876
9203242	FT	11/1/2017	3/31/2084	Active	365	5,806
9178378	FT-LEIDY SE	1/5/2016	1/4/2031	Active	365	40,000
9046127	WSS-OA	11/1/2006	3/31/2008	Active	365	4,715
9046326	LNG	11/1/2006	10/31/2016	Active	180	717
9046384	GSS	11/1/2006	3/31/2023	Active	0	503
9050454	ESS-ENHANCED INJ	3/1/2007	9/30/2029	Active	180	13,854
9182141	FTPOOL	1/1/2016	1/31/2016	Active	30	
9182142	ITPOOL	1/1/2016	1/31/2016	Active	30	
9045683	PAL-LOAN	11/1/2006	11/30/2006	Active	30	
9045684	PAL-PARK	11/1/2006	11/30/2006	Active	30	